

TRUTH
CENTERED
TRANSFORMATION

MODULE



MONEY MATTERS TEACHER GUIDE

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Before You Get Started

Special Facilitator Note for the Money Matters Module

In this manual there are devotions and lessons provided. The devotions are to be used at the beginning of the lessons as per normal devotions.

When contextualizing for your area consider the following things:

Identify common challenges around the concepts of giving and tithing

Review of local currency conversion amounts

Note: Dollars were originally used in this manual but during translation a worksheet was used to change to local currency.

Facilitator Instructions: *If the game and examples are not realistic, please don't change them, just explain that these came from US dollars. When students do their own budgets, make sure they are using realistic numbers.*

Preparing for Teaching a Lesson

1. Read through the **Teacher's Guide** carefully, several times if possible. Highlight or make notes on the sides of the pages to remind yourself of important points.
2. Look at the **main ideas** for each lesson so you know what students should learn through the lesson.
3. Read all **scripture** passages ahead.
4. Check to see what **materials** are needed in each lesson and make sure you make copies of Student Guides (handouts) and create the visual aids that are used in the lesson.
5. Make sure you are familiar with each **activity** in the lesson (role plays, games, visual aids). You can practise them with your family or friends.
6. Take time to **pray** for God to prepare the students, for the students to hear what God wants them to hear, and for Him to help you teach the materials. Remember that it is only through God's strength that we will see people changed.

How to Use This Teacher's Guide

1. **Main Ideas and Materials:** Each lesson begins with this section.
 - a. **Main Ideas** – There are many good ideas in each lesson, but participants should clearly understand these main ideas by the end of each lesson. It is good to ask yourself if you think participants could remember these main ideas after you lead a lesson. Take time to review the main ideas often to help them remember.
 - b. **Materials** – The specific materials needed are listed for each lesson, including Visual Aids and Student Handouts. This Teacher Guide will indicate when to use:
 - i. **STUDENT GUIDES** – will be labelled like this.
 - ii. **VISUAL AIDS** – will be labelled like this.

Section 1: Devotion Lessons

Devotion 1: A Biblical View of Money

Part 1

Main Ideas

- Money should not be our focus
- We are to work hard to have enough to provide for our families and give to the poor

Materials

- Student Guide: Devotion 1 (1 copy for each person)

Introduction

LARGE GROUP DISCUSSION

- What are some verses that you know about money?
- What are some principles that we can learn about money from these verses?
- Do you think that God cares what we do with our money?
- Is it more spiritual to be rich or poor?

The Bible has a lot to say about money. In fact, there are twice as many verses about money as there are about faith and prayer combined. God clearly thinks that it is an important topic. Money has the ability to help us or it can cause us to fall. It is something that we deal with all the time. We need to learn how to use money in a way that pleases God.

Money should not be our focus

SMALL GROUP DISCUSSION

Facilitator Instructions: Distribute **STUDENT GUIDE**: Devotion 1. In small groups of 3-4 people, work through the first half of the handout, then report back.

Read Matthew 6:19-24; 33.

This passage is part of 'The Sermon on the Mount'. Here Jesus is speaking to his disciples, telling them about life in the kingdom of God.

- What can we learn in these verses about money?
- What does it mean to serve money?
 - *To let money rule us. To be controlled by money, either by trying to get it, worrying about it or always trying to get more.*
- Does this mean that we should never think about money?
 - *No, we should think about money but we shouldn't let money control us. We do need to be wise stewards.*
- What does it mean to store up treasure in heaven? How can we do this?
- How is Jesus' teaching different from our culture?
- What does this passage tell us we should focus on?

Read 1 Timothy 6:6-11.

- What should be our attitude towards money?
 - *If we have enough for clothing and food then we should be content.*
- Why is focusing on or loving money dangerous?
 - *It is easy to sin or be tempted to do wrong in order to get money.*
 - *It is hard to be generous when we love money.*
 - *It is easy to neglect God, doing His work, and loving others if we are always trying to get more money.*

REPORT BACK

As we see in these verses we are not to be lovers of money or chase after wealth. When we die we will not take our money or things with us. The important thing will not be how much money we have but whether we are a Christian and how we spent our lives. Our focus in life should not be on having the most money possible. It should be on living in a way that honors God.

Work is good

LARGE GROUP DISCUSSION

Sometimes we can misunderstand what the Bible is teaching about money and start to believe that both money and work are bad. We should work hard, but not for the reason of earning lots of money for ourselves. That is greed. The Bible gives other reasons for why we should work hard to earn money.

Read 2 Thessalonians 3:6-15.

The apostle Paul was deeply troubled by a report that some members of the church at Thessalonica were not doing any work.

- What was Paul's attitude to work?
- Why did he choose to work, instead of using his time to train church members?
- What did Paul say should happen to those who didn't work hard?

Read 1 Timothy 5:8.

- What does Paul say about providing for our family?
- Why do you think that he uses such strong words?
 - *Paul spoke very harshly against those who were not providing for their families. God has not created us to be idle but to provide for those for whom we are responsible. He is not referring to those who work hard and don't have enough, but to those who are lazy or spending all of their time on other things and neglecting their families.*

Read Ephesians 4:28.

- What does Paul say about work?
- Why should we work?
 - *Paul encouraged the Ephesians to work so that they could give to those in need.*

As God's people, we are called to work hard using our skills, and to generate income to support both ourselves and those in need, whether our Christian workers or the poor. While loving money is bad, earning money to support our family and others honours God.

Read Genesis 2:2.

- Who was the very first worker?
- What does God's example of work mean for us?

- *God was the very first worker. The Bible says we are made in the image of God. This means that we were created to be workers as well. We honour and glorify God when we follow His example.*

Read Genesis 2:15, 18.

- For what purpose did God put the man in the garden?
- For what purpose did God create the woman?
 - *God placed the man in the garden for the purpose of working and taking care of it. Later, in verse 18, God says it is not good for the man to be alone in his work and He creates woman to be the man's strong helper. This means they were both created to be workers, though in slightly different ways and different roles.*

Read Exodus 20:8.

- How many days are we to labour?
- How many days are we to take rest?
 - *We should neither spend all our days idle nor should we be so consumed with work and making money that we don't rest one day a week. When God gave these commands, He was speaking to people who made their money through agriculture. Even though it may seem like some days there is nothing to do and other times we are too busy to take a day off, we need to honour God in the way we spend our time.*

REFLECTION

Take 2 minutes now to think quietly about these questions:

- Have you been following God's commands related to earning money?
- What changes, if any, do you need to make?

WITH A PARTNER

Discuss the following questions considering your own lives and pray for one another. They are listed at the bottom of the handout.

Money should not be our focus:

- Do I love money? Am I constantly thinking about how to have more money?
- Am I content with what I have?
- Do I store treasure in heaven or on earth?

Work is good:

- Do I always work hard?
- Am I able to help support my own family?
- Who are the needy in our community? How can we help them, both as individuals and as a group?

Devotion 2: A Biblical View of Money

Part 2

Main Ideas

- God has promised to provide for us. If we lack enough for our basic needs, we need to see if there is a reason.
- We are to manage our money well

Materials

- Student Guide: Devotion 2 (1 copy for each person)

Introduction

LARGE GROUP DISCUSSION

We have learned that money should not be our focus, and that we are to work hard to have enough to provide for our families and give to the poor.

- What else does the Bible have to say about money?
- What are some of the promises in the Bible that encourage us when we work to provide for our families and give to the poor?

Let's look at how God has promised to provide for us, and how He expects us to manage our money.

God has promised to provide for us

Read Matthew 6:25-33.

In these verses we see that God has promised to provide for us if we put Him first.

The Bible also provides us reasons for why we may find ourselves without sufficient money. We will look at that now.

SMALL GROUP DISCUSSION

Facilitator Instructions: Distribute **STUDENT GUIDE**: Devotion 2. Have each group read one set of verses and try to summarize the main idea that is found in these verses. If they have extra time they can look at an extra set of verses. If you do not have student guides then just provide the verses to each group – not the main idea.

Reasons why we may find ourselves without sufficient money:

- **Laziness** – Proverbs 10:4, 13:4; 24:30-34.
 - We need to make sure that we are working hard and not being idle.
- **Lack of Contentment/Greed** – Proverbs 28:25
 - God has not promised us riches but sufficiency. Do we really have a lack or are we discontent with all that He has given us?
- **Lovers of Pleasure** – Proverbs 21:17; 23:20-21
 - These may be small pleasures such as cigarettes, alcohol, good food, etc. Look at how you are spending your money—is it on pleasures or on things that you actually need?
- **Stinginess** – Proverbs 11:24
 - Are you giving as God commanded? God has told us in His word that if we fail to give then He won't bless us. He gives to us using the same measure as we use to give.
- **Foolishness** – Proverbs 3:13-16
- **Disobedience** – Proverbs 28:13, 2 Chronicles 24:20

REPORT BACK

Facilitator Instructions: Have each group share what they learned. Make sure that the large group is clear about the six reasons why we may face shortages of money.

Another possible reason we may find ourselves without sufficient money is **injustice**. Pray for God's help. God is a friend to the oppressed and those who are facing injustice.

If it feels that you don't have enough and you wonder why God has failed to provide all that you need, then examine your life in the areas listed above. Ask God to show you how you might be guilty of these. Repent and ask Him for forgiveness and to show you how to change.

- Which of all of these reasons do you think are most common in your community? Why?
- Are there ways that we can prevent it in our own lives? In the lives of others?
- Are there any other reasons that you can think of?
- How can we encourage a neighbouring family that God has promised to provide for us?

Managing our money

LARGE GROUP DISCUSSION

Read Matthew 25:14-30.

In this parable God teaches us about being a good steward of all that He has given us. The man going on the journey is God and the money He provides the servants is like the money and talents that He provides us.

- Did all the men receive the same amount of money?
- What happened to the first two men?
- What happened to the last man? Why was the landowner angry with him?
- What does this story mean for us?

Not all of us are given the same amount. God doesn't judge us according to how much He gives us but how we use what He has given us. He expects us to use it wisely and not to waste His precious gifts. God expects us to use the money that He provides to provide for our families (1 Timothy 5:8) and for the poor (Ephesians 4:28).

WITH A PARTNER

Discuss the following questions considering your own lives and pray for one another.

- Do we always spend our money wisely?
- How can we be wiser with our money?

Devotion 3: Common Mistakes in Managing Your Money Part 1

Main Ideas

There are common mistakes made when managing money. We can learn to avoid them. The mistakes are:

- I never think about my money
- If I have it, I spend it!
- I don't have enough
- I can't wait, I must borrow

Materials

- Student Guide: Devotion 3 (1 per small group)

Facilitator Instructions – This has been written as two shorter devotions – part 1 and part 2. However, if you are doing the training as a 3-day training then these should be combined for a slightly longer devotion.

Introduction

LARGE GROUP DISCUSSION

- What are some of the key principles about money that we have learned so far?

Now we are going to look at 4 of the 8 common mistakes that people make when managing their money.

- What do you think are some of the most common mistakes?

Mistake 1: I never think about my money

LARGE GROUP DISCUSSION

Read Luke 12:42-47.

- What did the Master expect the servant to do?
 - *The Master expected the servant to be ready, to look after those people or things in his responsibility carefully and wisely, and act according to his will.*

Everything belongs to God. The money that we have is a gift from God. He has given it to us to use wisely. We need to think about managing our money, recognizing that it belongs to God and He expects us to plan how to manage it.

Mistake 2: If I have it, I spend it!

LARGE GROUP DISCUSSION

Read Proverbs 21:20.

- How does this proverb describe someone who uses all that they have?
- What does the wise person do?
 - *He saves or stores up food and oil.*
- What can we learn from this proverb?
 - *We shouldn't spend all that we have, but rather we should store up for times when we would usually be lacking.*

Read Ecclesiastes 2:10-11.

- How did this man use money?
- Did it make him happy?
 - *The man in Ecclesiastes had endless money to spend but found that it didn't make him happy.*

Discuss:

- What happens if we always spend money whenever we receive it?
- Have you ever faced a shortage because you spent money on something that you didn't need earlier in the year? What might be an example of this?
- Have you ever bought something that you really wanted and then discovered that it didn't make you any happier?
- How can we avoid this mistake?

Mistake 3: I don't have enough

SMALL GROUP DISCUSSION

Facilitator Instructions: Divide into groups of 3-4. Distribute **STUDENT GUIDE**: Devotion 3. Have each group read and discuss one of the mistakes, and summarise the main ideas found.

Read Philippians 4:11-12.

- What is contentment?
- Under what conditions did Paul say he was content?
- Are we content with what we have?
- If we are content, does that mean we shouldn't work hard to earn more? Look at Proverbs 23:4-5 and Proverbs 24:33-34.
 - *We need to be careful as we answer this. We should not be lazy, but need to work hard to provide for our families. Proverbs 24 reminds us that if we are lazy we will know poverty and scarcity. However, we also need to be careful that we don't neglect our families and church responsibilities because we are seeking after wealth. Proverbs 23 reminds us that we should not be obsessed with getting rich.*

Contentment is important to being satisfied in life. The first step of finding contentment is to learn to be grateful for what God has given us. As Paul says he learned to be content, so too can we learn to be content in all conditions.

Mistake 4: I can't wait, I must borrow

SMALL GROUP DISCUSSION

Read Proverbs 22:7.

- What are the problems of debt?
- What are some of the things that people go into debt in order to buy?
- What is another way to get the things that we want?
 - *Saving Money*

Sometimes we want something now, so we borrow money in order to get it. For example, a family buys a TV and other things using debt. This is not a good use of debt. Debt is a trap. We need to be patient and save for the things we need. Debt should only be used in rare crisis times, or to purchase things that will bring in additional income. We need to make sure that the debt is fair and we have a clear payment schedule that we are sure that we are able to follow. Be patient and wait till you can afford any item you would like. We will learn more about debt in a later lesson.

REPORT BACK

WITH A PARTNER

With a partner, consider each of the 4 mistakes.

- Which of these 4 mistakes do you struggle with the most?
- How can you take steps to avoid making this mistake?

Pray for each other about avoiding your most common mistakes with money.

Devotion 4: Common Mistakes in Managing Your Money Part 2

Main Ideas

There are common mistakes made when managing money. We can learn to avoid them. The mistakes are:

- I wish I had more money like others
- I am too poor to give
- I always worry about money
- I spend and earn money in ways that do not honor God

Materials

- Student Guide: Devotion 4 (1 per small group)

Introduction

LARGE GROUP DISCUSSION

- What were the first four common mistakes people make when managing money?
 - *I never think about my money*
 - *If I have it, I spend it!*
 - *I don't have enough*
 - *I can't wait, I must borrow*
- Describe how learning about these has affected your spending since the last devotion.

Now we are going to look at the other 4 common mistakes that people make when managing their money.

Mistake 5: I wish I had more money like others

LARGE GROUP DISCUSSION

Read Exodus 20:17 and Luke 12:15.

- What does it mean to covet?
- What should we be on guard against? Why?

Read Ecclesiastes 5:10.

- Does the person who loves money ever feel that he has enough?

Do not allow greed and covetousness to enter your heart. Loving money means that no matter how rich we become, we will always feel we need more. We will always be jealous of those who have more. Satan's lie is that money and possessions can bring us happiness. For example – "If only I had a motorbike, then my life would be great." Material possessions cannot bring us joy. They can make us feel better for a short time, but then we will start to want something more.

- Have you ever bought something that you really wanted? How did you feel about it 6 months or a year later?
- Is there anything that you have been coveting lately? How can you stop coveting more possessions and learn to be content with what you have?

Mistake 6: I am too poor to give

SMALL GROUP DISCUSSION

Facilitator Instructions: Divide the participants into groups of 3-4. Distribute **STUDENT GUIDE**: Devotion 4. Have each group read and discuss one mistake, and summarise the main idea found.

Read 2 Corinthians 8:1-5.

- What does this verse say about giving in times of lack?
- How can we encourage everyone to give despite their circumstances?

God blesses you when you give.

Read Malachi 3:10-12.

- What does this verse say we should do?
- What will be the consequence if we do?

This is the only time in the Bible that God tells us to test Him in something. He tells us that if we are willing to bring the whole tithe then He will bless us. Again and again the Bible reminds us that in the same measure as we give to God, God will give back to us.

Mistake 7: I always worry about money

SMALL GROUP DISCUSSION

Read Matthew 6:25-34.

- What does God say about worrying?
- Why does He say that we don't need to worry?
- What are we to think about instead?
- How can we keep ourselves from worrying?
- Is there ever a time that we should worry?

God does not want us to worry about money. While we need to be wise and careful in the way that we use money, we are not to allow ourselves to worry about money. Ask God to protect your mind from worry and try to honor Him with what He has given to you.

REPORT BACK

Mistake 8: I spend and earn money in ways that do not honour God

LARGE GROUP DISCUSSION

Read Ezekiel 22:12-14.

- What do these verses say are the wrong ways in which we can earn and spend our money?
- What are the consequences of not honouring God in the way we earn and spend our money?

The Bible tells us to honour God in everything we do and that includes the way we earn and spend our money. We are not to bribe or to unfaithfully take what does not belong to us through bribes, cheating and other evil ways; lest we reap what we have sown.

WITH A PARTNER - With a partner, consider each of the 4 mistakes.

- Which of these 4 mistakes do you struggle with the most?
- How can you take steps to avoid making this mistake?
- What are some practical changes you are going to make in the way you earn and spend your money?

Pray for each other about the changes you want to make to avoid making the same mistakes.

Devotion 5: Giving and Tithing

Main Ideas

- God wants us to give.
- Even the poor should give.
- It is important to have a proper motive when giving.

Materials

- Student Guide: Devotion 5 (1 per small group)

Introduction

LARGE GROUP DISCUSSION

- What comes to your mind when we talk of giving and tithing?
- What motivates you to give to others? Or to the church?
- What is the biblical concept of giving?

Are we robbing God?

SMALL GROUP DISCUSSION

Facilitator Instructions: Divide into groups of 3-4. Distribute **STUDENT GUIDE: Devotion 5**.

Read Malachi 3:8-12.

- How were the Israelites robbing God?
- What is the consequence of robbing God?
- What does God say will happen if we bring the whole tithe?
- What is the whole tithe?
- Do we also rob God?

These verses are the only ones in the Bible where God says to test Him. He uses very strong language to describe how He feels about the Israelites not giving their tithe. Their failure to tithe has caused them poverty.

Abundant giving in extreme poverty

SMALL GROUP DISCUSSION

Read 2 Corinthians 8:1-4.

- Were the Macedonian church members rich or poor?
- How much did they give?
- What was their attitude in giving?
- What can we learn from this church?

The Macedonian church was extremely poor. Most of us are not extremely poor. We may not have as much as we would like but we are not extremely poor. And yet they gave and gave more than they could. What a challenge to us! So often we give from what we have to spare. They also pleaded with Paul to be able to give. Do we have the same attitude? Do we have a strong desire and longing to give or do we give grudgingly instead?

The poor widow's extravagance

LARGE GROUP DISCUSSION

Read Mark 12:41-44.

- How much did the widow give?

- Was she poor or rich?
- What was Jesus' reaction?

Sometimes we think because we are poor that we don't need to give. This is not true. Jesus didn't stop the woman from giving. He did not tell her, "No, you are too poor, keep it for yourself." Instead, He praised her for giving.

Give generously and cheerfully

LARGE GROUP DISCUSSION

Read 2 Corinthians 9:6-7.

- How should we give?
- What does it mean "Whoever sows sparingly will also reap sparingly, and whoever sows generously will also reap generously"?

God has commanded us to give. It doesn't matter if we are rich or poor. We all need to give. If we don't give as He has commanded, then God describes it as robbing God. However, as we give we will know God's blessings. He gives to us using the same measure that we give to Him. If we are stingy in our giving, He will be stingy to us, but if we are generous then He will be generous to us. The blessings we receive from Him may sometimes be financial, but they may also be blessings of joy, peace, contentment, a happy family, or treasure in heaven.

- What should be our reason for giving?

We need to be very careful that we don't give in order to get something back. This is not giving—it is like loaning someone money. God doesn't want us to loan Him money. He wants us to give. It is up to Him if He gives back to us. Some people are fooled and they think if they give lots to God then they will get lots back. But God sees our hearts; He knows what we are thinking. He also may bless us in different ways at different times. Our motive for giving should always be a desire to give back to Him in gratitude for all He has already given us. God wants us to be cheerful givers, not people looking for something back from God.

WITH A PARTNER

Discuss this teaching with your partner. Consider:

- Do you give to God as you should? Why or why not?
- What are you going to do differently now that you have learned about giving and tithing?

Pray for each other about the things you want to do differently, and repent of any attitude that has affected you having a right motive in giving.

Section 2: Core Lessons

Lesson 1: Introduction to Budgeting

Main Ideas

- It is important to make a plan for our money

Materials

- Visual Aid: Expenses Poster (print 1 copy)
- Visual Aid: Picture of Empty House (print 1 copy)
- Visual Aid: Budgeting and Debt game cards – As per printing instructions in the Visual Aid packet
- Student Guide: Budget Game Planner (1 per group)
- Dice
- Spare paper and pens to write the totals for each individual or group

Introduction

LARGE GROUP DISCUSSION

- How do you think most families in this community decide where and when to spend their money?
- How does debt affect families in your community?

Budgeting and Debt Game – Year One

LARGE GROUP GAME

Today we are going to play a game that looks at spending money, and how we can plan to spend money.

Facilitator Instructions: Ask them to divide into six groups. There are only enough materials for six groups to play. Play according to the following outline.

We will begin with money as if your group has just harvested your crops and can spend it as you wish. During the year you will face the following expenses.

Put up the **VISUAL AID: Expenses Poster** –Highlight the random expenses row and describe how it works.

The random expenses are all the expenses that we face each month that are typically unexpected such as medicine, weddings and funerals. To determine how much you will pay for the random expenses you will roll the dice and pay 10 times the number on the dice. In real life you would also have to think about investing and giving/tithing. These are both important, but to simplify our game they are not included now.

To begin, you have had a good year farming and have sold your crops for \$2,500. It is the only income you will make this year. The rice was okay but you only have enough to eat for 9 months so you will need to buy extra rice for the last three months.

Hand each group \$2,500. (\$1000-1, \$500-2, \$100 – 4, \$50 -1, \$10-4, \$5-2)

Today you have gone to the city to go shopping.

Show them the **VISUAL AID: Picture of the Empty House**

As you can see your house is empty; you have just the basics – a mat, a few pots and pans and a few simple clothes. Your roof leaks.

Facilitator Instructions: Show them the things that are for sale using the printed and cut up **VISUAL AID: Budget and Game cards** and ask who wants to buy what. Allow them to buy whatever they want. When everyone is finished purchasing items explain that the market is open all year, and at any turn they can buy whatever they like.

To help us play the game we will calculate your normal monthly expenses. This is the amount that you have to pay each month not including the random expenses. As you can see each month you have to pay 30 *\$2 for food, \$5 for electricity, and \$10 for household supplies. This is a total of \$75.

Additionally, you need to pay the monthly amount for anything that you have bought with debt. This is the total of all the expenses that you pay each month aside from the random expenses.

For each group, calculate their 'normal' monthly expenses. Write down the total for each group and put it in front of them so it is easy to remember.

Now we will start our year off.

Play one year as follows (summary table shown on next page):

1. Have the first group roll the dice and then take their normal expenses + random expenses from them.
2. Continue with each group.
3. Explain that this was January. You continue for the remainder of the year using each round as a month, as follows:
 - a. In February they now have to pay school fees for the two children of \$80 per child. So each person needs to pay normal expenses + \$160 school fees + random expenses. If anyone wishes to take their children out of school, they may.
 - b. March and April are the same as January.
 - c. In May the children will soon start the new school year. They need to pay fees and buy uniforms and books. Pay \$100 extra per child.
 - d. In June they need to buy fertilizer and seed so each group must pay an extra \$300 as well as normal and random expenses.
 - e. July, August and September are the same as January.
 - f. In October, November and December you no longer have rice from the rice harvest. You need to buy extra rice each month at a cost of \$30 per month.

If someone gets into debt, see the Debt instructions below.

Debt Instructions:

If you are not able to pay your monthly expenses, you have two options. You can either sell next year's crop early for 2,100; or take a loan.

Explain that usually there is a lot of interest to pay off a loan as well. It is wasted money, called the cost of debt. For the purposes of this game we will not be calculating the interest every month; only on the first month.

If they choose to sell early, give them 2,100.

If they want to borrow then give them a loan card. On the loan card write the amount they borrow (plus 10%) and how many months left. For example, if they borrow in August then 5 months (August until December).

Game Summary	
January	= normal expenses + random expenses.
February	= normal expenses + random expenses + 160
March	= normal expenses + random expenses
April	= normal expenses + random expenses
May	= normal expenses + random expenses + 200
June	= normal expenses + random expenses + 300
July	= normal expenses + random expenses
August	= normal expenses + random expenses
September	= normal expenses + random expenses
October	= normal expenses + random expenses + 30
November	= normal expenses + random expenses + 30
December	= normal expenses + random expenses + 30

LARGE GROUP REFLECTION

At the end of the game calculate what everyone has in debt, or not.

- What happened in this game?
- Did anyone end up in debt? Why do you think that is?
- How did it feel to be in debt?
- Did anyone plan how to spend their money – how did that help?
- What might you do differently next time?

Note: In this game there is enough money to buy all that is needed with money left over!

Budgeting and Debt Game – Year Two

Now we are going to play the game for another year, in your same groups. We will use the same figures as the first year for simplicity sake; but this time you may first use a planner if you wish.

Explain the following – To successfully manage our money we need a plan. As you can see, each month you need to pay 30 days x \$2 for food, \$5 for electricity, and \$10 for household supplies.

Now we need to add in the Random Expenses.

This is a total of \$135. (Write on the board or a large piece of paper) as shown in the diagram. The total for a year is \$135 x12 months = \$1620.

Monthly Expenses

Item	Times per month	Cost each time	Total Cost
Food	30	\$2	\$60
Electricity	1	\$5	\$5
Household Supplies	1	\$10	\$10
Random Expenses	1	\$60	\$60
	TOTAL MONTHLY EXPENSES		\$135
			X12
	TOTAL ANNUAL MONTHLY EXPENSES		\$1620

Now we have expenses that happen on an annual basis—school fees, extra rice and fertiliser (add them to the paper as shown.) That's a total of \$750 per year.

Annual Expenses

Item	Number of times per year	Cost each time	Total Cost
Schooling - February	1	\$160	\$160
Schooling - May	1	\$200	\$200
Extra Rice	3	\$30	\$90
Income Expenses	1	\$300	\$300
	TOTAL ANNUAL EXPENSES		\$750

Now we have random expenses. Now let's plan for a terrible year – all sixes. But if we see that we don't roll sixes then we will see that we have extra money and at that time we can spend it. (Not before) So $6 * \$10$ is \$60 per month or \$720 per year.

So now we have \$1620 for monthly expenses, \$750 for annual expenses. The total is \$2370. So really we only have \$130 extra. We can either spend this or keep it. (Later we will talk about how to use this extra money well.) Each month, if you don't roll a six you will have extra.

INCOME	- MONTHLY EXPENSES	- OTHER YEARLY EXPENSES	= REMAINDER
\$2,500	- 1620	- 750	= \$130

Now in groups make a similar plan for your money. Some of you will have less income because you sold the field early. Some of you have debt you need to pay. Those need to be incorporated.

*Hand out **STUDENT GUIDE**: Budgeting Game Planner – 1 per group.*

When they are ready, hand each group 2,500 more.

To be quicker this time we will allow one person to throw the dice and everyone will face the same random expenses.

Follow the same game summary through the year.

At the end of the game calculate what everyone has in debt this time.

LARGE GROUP REFLECTION

- Did your group plan to spend any of the 'remainder'? Please explain why or why not.
- What other things did you do differently in year two than year one?

Draw out these responses if they don't emerge from the group:

- *not shop at all in the market*
- *start by calculating what is needed for expenses and put that aside before shopping*
- *realised that with the market open all year, we can always purchase some things from the market later in the year when we know better how our random expenses turn out*

- How does your group's debt compare this year to last year? Was it less? Was it more?
- How hard or easy do you think it would be to plan ahead for a year and protect your family from any debt? Why do you think that is the case?
- How do you think things would have been different if you had made a plan from the beginning?

In the next few lessons we are going to look at making a plan for our own money.

Lesson 2: Making a Family Budget (Part 1)

Main Ideas

- We budget to plan how we will use the money God has given us well
- The first step to prepare a budget is to calculate our net income
- We must think of the difference between needs and wants

Materials

- Visual Aid: Budget Poster: The Four Budget Steps (1)
- Visual Aid: Needs and Wants picture cards (1 set)
- Student Guide: Budgeting Step 1 (1 copy for each person)
- Student Guide: Family Expense Record (1 copy for each person)
- Board and markers for drawing examples
- Blank cards

Introduction

LARGE GROUP DISCUSSION

- When we get money, what do we usually do with it?
- Do we have some months when we have lots of money and some months with little money?
- How do we make sure that we have enough for the whole year?
- What do we do when we don't have enough money? What are the consequences of that?
- Are there times that you don't have enough for the essentials?
- Do you feel that you are always using your money as God desires?

One of the problems that we often face is that when we have money we tend to spend more and when we don't have any then we are hungry or have to borrow. We all know families that eat really well after the rice harvest and then before the rice harvest they have to buy more rice because they don't have enough.

Another problem is that often we don't have money for important things like school, or we make unwise decisions about money. For example, we buy lots of clothes after harvest when clothes are very expensive without being careful because we have lots of money, and then suffer later. This is not being a wise manager of God's money.

Budget

LARGE GROUP DISCUSSION

Facilitator Instructions: Place **VISUAL AID** – Budget Poster in a place where everyone can see it.

Similar to the game we played earlier, a budget is a plan of how you will use your money. The purpose of a budget is to make sure that you use the money that God has given you wisely so that you have enough to provide for your family for the whole year. There are four basic steps that we will look at related to making a budget.

1. Calculate our net income.
2. Calculate our needs.
3. Calculate the difference.
4. Use the remainder wisely.

Today we will start with calculating our net income.

A: Calculate your total income

LARGE GROUP DISCUSSION

Facilitator Instructions: Distribute **STUDENT GUIDE** – Budgeting Step 1.

The first step to develop a budget is to work out how much money we receive in a year. If you have a stable job that gives you a salary then this is not too difficult. However if you are working for yourself in small business or farming it can be more complex. We will look more closely at how to calculate income for farming and business later. For now, you may guess to the best of your ability.

- What are some possible sources of income in our community?
 - Main crop – rice or corn; and other crops – such as vegetables
 - Animal Raising
 - Daily Labourer
 - Selling/ Trading
 - Offering a service like laundry, cleaning, childcare

INDIVIDUAL ACTIVITY

Facilitator Instructions: Draw the example Chart 1 below on the board. Make sure everyone understands the chart well

Income	Times a year	Amount each time	Total
Rice Crop	2 crops a year	\$1,000	\$2,000
Selling Coca Cola	500 bottles a year	30c	\$150
TOTAL INCOME			\$2,150

Chart 1

Have participants finish Chart 1 on their handout according to their own income. Remind them that we are just looking for things that give us money. For example: We are not considering things like chickens or eggs which we do not sell to get money, but that we eat instead. However, if we do sell eggs for money then we need to add that as a source of income.

Remember that you need to include all the ways that you receive money. For example maybe you raise corn and rice, work as a day labourer and raise pigs; or, you may sell soft drinks, or look after children to bring in income. Try to calculate the amount you earn for each. Think about what you earned last year. Write down the total income, not just the profit.

Remember to include all the CASH income that you will receive in the next 12 months. Make sure that if you plan to raise pigs, sell them, and raise more, that you include all the pigs that you plan to sell in the next year.

SHARE WITH A PARTNER

- Do you expect to get the same amount of money as last year? More? Less?
- If more, why? What was the change that created more?
- If less, why? What was the change that meant you have less?

B: Calculate your income expenses

LARGE GROUP DISCUSSION

Next we need to add the income expenses. Here you need to estimate for each category of income identified in chart 1, how much it costs you do that activity. We will go into this in more detail later, but for now, we will estimate. Remember to include all the expenses for the whole year, not just for one business cycle.

Facilitator Instructions: Draw the example below on the board and discuss with the group.

Expenses	Times a year	Amount each time	Total
Rice Crop	2 crops a year	\$200	\$400
Selling Coca Cola	500 bottles a year	20c	\$100
TOTAL INCOME EXPENSES			\$500

Chart 2

- What expenses might be included in the estimates for growing rice?
Are there any expenses for selling Coca Cola?
 - Transport to their job site
 - Purchase of Coca Cola
 - Ice
- What is the link between chart 2 and chart 1?
 - The income categories are the same as the expense category.
 - Expect the number of times per year to be the same

INDIVIDUAL ACTIVITY

Facilitator Instructions: Now have participants finish Chart 2 on their handout according to their own income. Remind them to include all expenses for a whole year.

C: Calculate your net income

LARGE GROUP DISCUSSION

Finally, we will calculate our net income.

Facilitator Instructions: Draw the example below on the board to complete this section. Show the links between Charts 1, 2 and 3.

TOTAL INCOME	- INCOME EXPENSES	= NET INCOME
\$2,150	- \$500	= \$1,650

Chart 3

INDIVIDUAL ACTIVITY

Now you can complete Chart 3. Identify your total income, subtract the income expenses, and you will get your net income.

Understanding Personal Expenses

LARGE GROUP ACTIVITY (Use **VISUAL AID: Needs and Wants Picture Cards**)

The second step to making a budget is to identify our expenses. It is important to understand the difference between the things that we want to have and the things that we need.

Facilitator Instructions: Ask the group to think of as many different things as possible that we spend our money on. If you have a card for the thing that they mention then place it in front of you. If not, draw or write the idea on a blank card. Remember to consider the following areas.

- What are some of the things that we spend money on?
 - Food
 - Utilities – this includes water, gas, electricity
 - Health expenses
 - Schooling – uniform, books and other school-related expenses
 - Clothing
 - Transportation expenses, e.g., petrol, cycle repairs, taxis, buses, sidecars.
 - Income expenses – money that you need to spend in order to earn your income
 - Tithing

Once they have finished if you have any cards with pictures left then ask them if the object on that card is something that people spend money on in their area or not.

Ask the group to divide the cards into two piles – needs and wants. “Needs” are things that we must have to survive or to earn an income or to provide the minimum requirements for their family. “Wants” are things that we would like to have.

Allow them to divide the cards and then discuss the decisions with them. Make sure that all the cards in the “needs” pile are essential to their life—without them they would die. This includes food, seeds, education, etc. “Wants” should include things that make life more comfortable, but we can live without, such as a new roof.

Picture Cards listed here. Please note that needs (N) and wants (W) will vary from place to place. Suggestions are made below.

animal feed (N)	gas (W/N)	school book (N)
basic food (N)	good meal (W)	school fee (N)
bicycle (W)	medicine (N)	seed for planting (N)
clothes (N/W)	motorbike (W)	tools (N)
coca cola (W)	newspaper (W)	TV (W)
electricity	new frying pan (W)	uniform (N)
fan (W)	oil lamp (N)	wardrobe (W)
fridge (W)	radio (W)	water (N)

It is important to understand the difference between the things that we want to have and the things that we need. When we budget we start by calculating the cost of the things that we need and then we can see if there is any money left over to buy the things that we want.

Keep a record of all money spent

LARGE GROUP DISCUSSION

To help us in calculating our expenses, which is the next budget step, is to keep a record of how we spend money. Ideally, we need to do this for a month or two months to give us a really accurate picture of how we spend our money. You may actually be surprised at the results. Sometimes something that we only spend a few dollars on but buy regularly, such as snacks for children, actually adds up to a lot when we think about how much we spend in a year.

If we spend \$1 dollar three times a week at the teashop that would add up to 156 dollars per year.

If we buy a coke & a sweet for \$1 dollar a day, that is 365 dollars a year.

If we buy something like coffee or cigarettes or betel nut for \$5 dollars a day that is \$1,825 dollars a year.

Not only does keeping a record of the money spent help us to make a budget it also helps us to identify areas that we might be wasting money without even realising it.

Action Steps

Facilitator Instructions: Distribute **STUDENT GUIDE** – Family Expense Record

You can use this worksheet to keep a record of every single thing you and your family spend money on for the next week, or longer.

Lesson 3: Making a Family Budget (Part 2)

Main Ideas

- The second step to making a budget is calculating our personal needs for a whole year
- We then calculate the difference between our income and our needs

Materials

- Visual Aid: Budget Poster (From Lesson 2)
- Student Guide - Budgeting Steps 2 & 3 (2 pages -1 copy for each person)
- Large sheets or A large board for brainstorming and examples
- Markers

Introduction

LARGE GROUP DISCUSSION

Facilitator Instructions: Place **VISUAL AID** – Budget Poster from Lesson 2 in a place where everyone can see it for reference during the lesson.

- How did you go keeping a record of all your expenses?
- Was there anything surprising to you?

Now we will cover Steps 2 & 3 for making our family budget.

Step 2: Calculate Your Needs

LARGE GROUP DISCUSSION

Once we have kept a record of our expenses for a month we can write a budget. If we do not have this, we can just make estimates. We will look at our needs first.

- What are some needs we all have in order to live and look after our families adequately?

Facilitator Instructions: Write the results on a large sheet or board. Make sure that everything on the list really is a need and not just something that we would like to have.

Just as in the game played earlier, remember that some expenses are paid every month, while others might be only a few times a year (e.g., school fees, health expenses, purchasing seed). Remember to think about the following areas:

- Food
- Utilities – this includes water, gas, electricity
- Health expenses
- Schooling – uniform, books and other school related expenses
- Clothing
- Transportation expenses, e.g., petrol, cycle repairs, taxis, buses, sidecars.
- Tithing

Now divide the list into the two different types:

- Normal Monthly Expenses – Things we pay every month or more often
- Other Expenses – Things that we only pay for a few times a year.

Facilitator Instructions: Draw the two chart examples below on the board and discuss with the group.

NORMAL MONTHLY EXPENSES

Item	Number of times/month	Cost per time	Total
Food	30	\$2	\$60
Electricity	1	\$4	\$4
Water	1	\$3	\$3
Tithing	4	\$3	\$12
Household expenses, e.g., cleaning materials	4	\$2	\$8
Tuition/Monthly School fees	1	\$5	\$5
Transport	30	\$0.1	\$3
Sub-Total for ONE MONTH			\$95
Calculate 20% for Miscellaneous Expenses			\$19
TOTAL ONE MONTH			\$114
Multiply times 12 for YEARLY TOTAL			\$1,368

Note that on the bottom of each chart is an extra percentage for “Miscellaneous.”

- Why do you think that we add 10% or 20%?
 - *Even though we try to guess the correct amounts, it is easy to either underestimate or forget a certain kind of expense. Some expenses are completely unexpected. To make sure that our budget is realistic we need to have space for unexpected costs. One way is to add a percentage (like 10%). Another way is to add a certain amount, such as 10 dollars per month. Only by setting aside a little money for unexpected expenses can we be sure to keep to our budget. If the money is left at the end of the year, then you can add it to your savings or spend it on something special.*

OTHER EXPENSES

Item	Number of times/year	Cost per time	Total
School Uniform	1	\$30	\$30
School Books	1	\$15	\$15
Clothing/Shoes	2	\$15	\$30
House Repairs	1	\$25	\$25
Sub-Total for ONE YEAR			\$100
Calculate 10% for Miscellaneous Expenses			\$10
YEARLY TOTAL			\$110

INDIVIDUAL EXERCISE

Facilitator Instructions: Hand out **STUDENT GUIDE**: Budgeting Steps 2 & 3. If many in the class are illiterate then ask the group to work in pairs or threes. Those that are literate can write for those who are illiterate.

Using the list of needs we made, now complete the “Normal Expenses Chart” (Chart 4) and the “Other Expenses Chart” (Chart 5) in the handout, for your family.

Remember all the types of monthly expenses. If anything is not already on the chart, add it.

Once you have completed, share your plan with others and ask them to give you advice. They may be able to think of something that you have forgotten.

Step 3. Calculate the difference

LARGE GROUP DISCUSSION

Now we know how much we earn each year and how much we need to live. It's time to calculate the difference, which is Step 3 of Budgeting.

In the example:

Net Income	- Normal Expenses	- Other Expenses	= TOTAL
1,650	- 1,368	- 110	= \$172

On your handout now, subtract the two expenses amounts from the NET INCOME amount using Chart 6.

- Did you end up with a positive or negative balance?

A negative balance

If your income is LESS than your expenses then you will have a negative balance. That means that you will spend more than you earn. That is a problem. Make sure that all the things that you have listed as "Needs" are really, truly needed. Is there anything on that list that you don't absolutely have to have? Is there something that you could sacrifice for a year?

If there is nothing that you can sacrifice and you have a negative balance, then you have to consider finding another source of income to meet all of your needs. Debt should really only be considered in emergency situations, or for expenses that generate income.

Lesson 4: Understanding How to Use Money

Main Ideas

- There are many ways we can use money
- Saving is important because it helps protect us against unexpected expenses
- Investing is important because it helps us have more money in the future
- Giving is important because we give in obedience to God and for His glory

Materials

- Visual Aid: Ways of Using Money - “Consume”, “Store”, “Invest” and “Give” (print and cut apart 1 set)
- Visual Aid: Rich Man, Poor Man Game Cards. (and beans for money if preferred)
- Student Guide: Rich Man, Poor Man Game Rules (1 copy for each person)
- Blank Cards (20 per small group)
- Markers (1 per small group)

Introduction

LARGE GROUP DISCUSSION

- What are various things that you can do with money?

Consume, Store, Invest, Give

SMALL GROUP ACTIVITY

Facilitator Instructions: Divide the participants into groups of 3. Give each group 20 blank cards and ask them to write down one idea of the various things you can do with money on each of the cards. Tell them to try and think of a variety of things such as “buy clothes,” “buy food,” “save it,” “buy land,” “buy a cow,” “buy products to sell,” “give to the poor,” (don’t just write “buy rice,” “buy carrot,” “buy tomato,” “buy pork”...). Have them keep their cards for during the large group discussion, below.

LARGE GROUP DISCUSSION – VISUAL AID: Ways of Using Money

There are four ways of using money.

For example, once a corn farmer has harvested the corn, there are four things that he or she can do with the corn.

1. **“Consume”** – This means to eat it right away. It is no longer available to use later and it cannot help us to earn money in the future.
2. **“Store”** – Keep it for eating later. This is when we put aside or save money for the future – it is available to use at a later time.
3. **“Invest”** – Keep it for seed to use next year. This is when we use the money to help us earn more in the future.
4. **“Give”** – Give away some corn to others. This is when we give money away, either to someone else or to the church as a tithe.

Facilitator Instructions: Put each label (Consume, Store, Invest, Give) on the floor. Ask them to put each of the cards they wrote on earlier under one of the headings. Make sure that they have put the cards under the correct heading and have understood correctly. Afterwards, clarify:

When we consume something, it is completely gone—we don’t have it for later.

When we store something, we keep it for later so that we can consume it at a later date.

When we invest something, we use the money in a way that it grows so that we can have more money in the future.

When we give something away, we provide for others in obedience to God.

- What are some examples of ways that we can invest money?

Facilitator Instructions: Ask the participants to add another 5 ideas of ways that money can be invested.

Rich Man, Poor Man Game

LARGE GROUP GAME – Use STUDENT GUIDE: Rich Man, Poor Man Game Rules and printed and cut out Visual Aids: Rich Man, Poor Man Game Cards.

To help us to better understand these ideas and the impact they have we are going to play a game.

Facilitator Instructions Divide participants into groups of 2-3 people. If there are fewer than 8 people, they can play individually instead. Distribute the game rules, **STUDENT GUIDE:** Game Rules. Review the game rules.

1. Hand out 10 money cards (or beans) of equal value to each group.
2. Give the groups a few minutes to decide how to use their 'money.'
3. Go through each group and take money cards from them according to how they choose to live, doing the following:
 - a. Give the groups their household item card and/or investment card if they bought one.
 - b. Shuffle the six health cards and one sickness card. Ask them to select a card.
 - c. If they receive a sickness card, they must pay 2 money cards. If they can't pay immediately then they lose 3 cards from their next income.
4. Once each group is completed then give out the 10 money cards for the next round, plus any extra money cards from investments made or schooling completion. Take away 3 cards for anyone who received a sickness card but wasn't able to pay immediately.

Play a few rounds.

Remind the group about the investments if no one has invested.

After a few more rounds, if they are using all their money each round, then help them to think of the impact that it would have if they saved some money to invest instead.

Play a few more rounds, having people save and invest.

LARGE GROUP REFLECTION

- What happened in this game?
- How did you feel while playing this game?
- How did you decide what to do?
- Did you have sufficient money to do what you wanted each time?
- How does this game relate to reality?
- When the poor have extra money what do they typically do with it?
- How difficult is it for the poor to invest?
- Why do you think that it is important for the poor to make investments?
- What can we do to make it easier for the poor to invest?

Can the poor save or invest? *Summarise:*

- It is difficult for the poor to make investments and to save, but if they are willing they can make sacrifices and improve their lives.
- One of the biggest traps for the poor is money lenders. To prevent that from happening the poor need to be prepared financially for big life events such as weddings, funerals, illness, etc.
- Often as soon as the poor have money they buy things such as TV or extra food. While there is nothing wrong with these things, they are not the best choice. If the poor invest this money instead then they will be able to improve their lives more over time.
- Unlike in this game, often the poor do not use their money wisely. Many poor people will tell you that they do not have money to save yet they do have sufficient income to buy alcohol.

WITH A PARTNER

Discuss:

- How much of your family money do you consume, save, invest, or give?
- Do you think these are the right amounts? Do you invest enough? Save enough? Give enough?
- How can you invest more?

Student Guide: Rich Man Poor Man Game Rules

Income

Each group receives 10 money cards (or beans) each round

Expenses

Each group decides how they want to use their money. You don't have to use all of your money cards every round.

Food	- Two meals a day	5		
	- Meat	7		
	- High Quality	10		
Electricity	2			
Schooling for children		1 per child (you have 3 children)		
House Items				
	- Latrine	5	New Sofa	2
	- Bicycle	2	Roof repair	5
	- TV	3	Stereo	1

Sickness Cards

If you are sick you are required to pay 2 cards for lost income and medicine. If you are not able to pay immediately then you lose 3 cards from your next income (two for the medicine and one for money lender charges.)

Investment

Every round you can choose to invest money. Each investment must be 3 money cards. For each investment of 3 money cards you receive an extra 1 money cards every round that you have the investment. At any time, you can sell your investment but will only receive 2 money cards for selling your investment.

Schooling

For each child who completes three rounds of schooling you will receive an extra 3 money cards each round.

Lesson 5: Making a Family Budget (Part 3)

Main Ideas

There are five things that we can do with money that is left over after needs have been deducted from net income:

- Saving
- Investing
- Giving
- Spending on 'Wants'
- Specific Savings

Materials

- Visual Aid: Budget Poster (Lesson 2)
- Visual Aid: Five Ways of Using Money (3 pages - print and cut apart 1 copy of each page)
- Student Guide: Budgeting Step 4 (1 copy for each person)
- Student Guide: Participants need their completed copies of Steps 1-3 of budgeting from Lesson 2 and 3; Charts 1-6.
- Board/Large Sheet and Marker
- Facilitator to have a completed copy of the Examples in this Teacher Guide of Steps 1-4; Charts 1-7

Introduction

LARGE GROUP DISCUSSION

Facilitator Instructions: Place **VISUAL AID** Lesson 2: Budget Poster in a place where everyone can see it for reference during the lesson.

- In this community, how do people typically spend any extra money that they make?

We will now look at Step 4 of Budgeting: Deciding how to use any remainder we may have, wisely.

Five ways of using money

LARGE GROUP DISCUSSION

Not everyone will have a negative balance when we budget from Step 1 to Step 3. If you don't have a negative balance then you can start to make plans for how you will use the extra money. There are five different things that you can do with your positive balance.

Facilitator Instructions: Hold up the images from **VISUAL AID**: Five Ways of Using Money, one at a time, as you discuss each topic. Link back to the game played in previous lesson as appropriate.

1. Saving

Remember the story of Joseph in the Bible?

- Would someone like to retell it for us?

Joseph had been sold into slavery and was taken to Egypt. After being falsely accused he was put in prison. One day the Pharaoh had a dream that he didn't understand. All of his wise men could not tell him what the dream meant. Then the cupbearer remembered that when he was in prison Joseph had interpreted a dream for him. Joseph was taken to the Pharaoh and with God's help he told him the meaning of the dream. In the dream there were seven fat cows and seven skinny cows. The seven skinny cows ate up the seven fat cows which came first. But after they ate them no one could tell that they had eaten the seven fat cows. The same happened with the grain. Joseph explained that this meant that there were going to be

seven years of plenty and seven years of famine. He advised the Pharaoh to save the food from the good years for the bad years. The Pharaoh took his advice and Egypt was saved from the famine.

Just like in Joseph's time, we too will face good times and bad times in our lives. It might seem like all times are bad times, but if we have anything left over after paying for necessities, then it is not a bad time—it is a time to save. In our lives we will face all sorts of times when we need money—illness, crop failure, weddings and funerals, etc. As God showed Joseph, we need to save when we have something extra so that we will be prepared for the really bad times. Even if we just save a very small amount over time, it will build up. If you have to borrow in times when there is an emergency then you will find it more difficult to move out of poverty.

If you have any extra, then one of the first things that you should do with it is put a little away for unexpected medical expenses, etc.

2. Investing

Another way that we can use money that is left over is to spend it on something that will help us to earn more in the future. We had that experience in the game in the previous lesson. If we invest money then later it will help us earn more money. In our budgets we have already put aside money to plant our fields next year. Additionally if there is enough money we could invest a little in new income sources like livestock (chickens, ducks, a goat) a fishpond, vegetable garden or fruit trees. Think carefully about other things that you can do to increase your income. If you start with a very small new income activity, then next year you will have extra funds to invest in a slightly bigger new income activity. You will start to move out of poverty as you invest your money so that each year you are able to earn more than the year before.

- What are some ways that you can invest money?

3. Giving

The Bible tells us that God will give to us using the same measure that we give (Luke 6:38). If we are generous with our giving, then God will be generous in blessing us, but if we give little, then we will stop God's blessings to us. We need to start by tithing, but also look for other people or projects that we can give to.

- Which do you seek out the most? Chances to receive gifts or chances to give gifts?
- If we truly believe Luke 6:38, then which should be our priority? Receiving or giving?

4. Spending on 'Wants'

Of course if there is money available then we can use it for the things that we want. You need to carefully look at the list of things that you want and decide which are the most important to you. We should not be tempted by wanting to be like other families, but instead think first about what honours God. Repairing our house or building a latrine are wonderful things. However we need to be careful about spending too much of our money on things like TV's and motorbikes unless we have the money available. Rather than buying things only for pleasure or convenience, it is more important to invest money to increase your income next year. As your income increases then you can spend your money on things like this. Because our budget only considers the minimum that we need to live, we may also want to increase our monthly allowance by a little to make it easier to live on so that you can afford to go out for coffee, etc.

5. Specific Saving

Earlier we mentioned saving for emergencies and unexpected expenses. "Specific savings" means saving towards a special project, such as building a new house or buying a motorbike. These things will likely take you more than a year to save money for. It is better to patiently save for these expenses than go into debt to purchase them. You can put aside some money each year for these expenses. Another way to save for these things is to invest in something and then use the profits specifically for the special project. For example, you

could invest in some trees now and when they are ready to cut then you will have the money to improve your house. You need to be patient and wait until you have the money.

- What are some bigger expenses that you would want to save up for?

Step 4: Use the remainder wisely

LARGE GROUP DISCUSSION

We have prepared Step 1, 2 and 3 of our budget. Now we will determine how we would like to use any remainder.

In Lesson 3 we finished making the first part of our budget. We had \$172 left over. Now we can start to make a plan for what we are going to do with that \$172.

Facilitator Instructions: Draw the following chart on the board or large piece of paper:

Budget Area	Amount
Saving	\$20
Investing	\$50
Giving	\$20
Wants	\$30
Specific Saving	\$50 + \$2 = \$52
TOTAL	\$172

Example Chart 7

Explain – imagine we decided to save \$20, invest \$50, give \$20, spend \$30 on wants and save \$50 towards a motorbike. If we add this up we only end up with \$170 so we still have \$2 to add to. Let's pretend we decided to add it to our motorbike fund.

Now make a plan for our own money. Look at the balance you had in Lesson 3. Write it at the bottom. Write the amount that you would like in each of these areas. Then add it up. If the total is too high you will need to subtract some, if it is too low then you can add some.

INDIVIDUAL EXERCISE

Facilitator Instructions: Hand out **STUDENT GUIDE**: Budgeting Step 4. Invite the participants to complete their own chart and calculations.

Once you have completed your budget show it to others and ask them for any suggestions that they have.

REPORT BACK

Facilitator Instructions: As you do the final budget review below, demonstrate with your prepared written example, and encourage the participants to arrange their versions or follow their **STUDENT GUIDE**.

Let's review all the Steps:

Step 1: Calculate our net income. (Student Guide: Lesson 2: Budgeting Step 1)
Total Income (Chart 1) – Income Expenses (Chart 2) = Net Income (Chart 3)

Step 2: Calculate our needs. (Student Guide: Lesson 3: Budgeting Step 2)
Normal Monthly Expenses (Chart 4) & Other Expenses (Chart 5)
(don't forget to include miscellaneous expenses)

Step 3: Calculate the difference. (Student Guide: Lesson 3: Budgeting Step 3)
Net Income – Normal Expenses – Other expenses = Total (*Chart 6*)

Step 4: Use the remainder wisely. (Student Guide: Lesson 5: Budgeting Step 4)
Commitments made (*Chart 7*)

Next we will learn one way to help us to keep to our budget.

Lesson 6: Managing the Money

Main Ideas

- We need a system for keeping to our budget
- The envelope system is a good way to manage our money
- Both husband and wife need to be committed to keeping the budget

Materials

- Visual Aid: Expense Labels (1 set printed and cut apart)
- Visual Aid: Example envelopes, labelled in advance (1 set of 16 envelopes with labels)
- Blank Envelopes (10 per each person)
- Visual Aid: Paper Money Cards to value of 250. Make sure it can be split up into smaller expenses. You can use the money cards from lesson 1, extra \$1 cards have been provided.
- Student Guide: Participants should have their completed copy of their Budget Steps 1-4 (completed previous lesson)
- Facilitator-completed copy of the budget example Steps 1-4 (from previous lesson)

Introduction

The first step to being a good steward of our money is to make a budget. However, that is not enough—we need to actually follow the budget. Unfortunately, it is often easier to make a budget than keep it. However, with some self-control and discipline it is possible.

- How do you currently manage your money? What do you use to keep track of the different things you need money for?

In this lesson we will look at an easy way to manage our money using the envelope system.

The first step for both the husband and wife is to decide that they are committed to keeping the budget. If only one person is committed, then you will quickly discover that it will not work. Together before God, commit to trying to manage the money that He provides you wisely and keeping to the plan you have made.

Envelope System

LARGE GROUP EXERCISE – Use Visual Aid: Expense Labels and Example Envelopes

Facilitator Instructions: Carry this envelope system group exercise all the way through Sections a) – d) below.

The best and easiest way to manage your money is the envelope system. Using this system, we divide up our money according to our budget and put it in envelopes. Then we use the money that we have put in envelopes for our expenses. By doing this we make sure that we don't over-spend because we are limited to what is in the envelope. To understand more clearly, we will look at an example.

Facilitator Instructions: Put each label from **VISUAL AID: Expense Labels** on the floor or table and refer as you discuss the below. Explain that you will discuss the Family Fund label, which is different and not an expense, shortly.

Income Expenses	Normal Monthly Expenses	Other Expenses	Family Fund
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In our budget you remember that we had three separate sections for our expenses.

1. Income expenses
2. Normal monthly expenses
3. Other irregular expenses

For each type of expense, we can create an envelope. We need one envelope for income expenses, one for monthly expenses and one for each of the types of other irregular expenses (such as one for all schooling expenses, one for repairs, one for clothing, and one for miscellaneous.)

Facilitator Instructions: Place each envelope prepared from Lesson 6 **VISUAL AIDS**, Example A - the six initial expense category sorting envelopes, in front of the participants. Explain that you have already prepared these envelopes based on the expenses in the example budget you developed in the lessons before.

Now, ask the group to sort these envelopes under the correct labels you have already put out from 6- Expense Labels.

- Under which label of expense type, should each of these envelopes go?

Income Expenses	Normal Monthly Expenses	Other Expenses
Income Expenses 500 per year	Monthly Expenses 114 per month	Repairs 25 per year
		Miscellaneous 10 per year
		School Expenses 45 per year
		Clothing 30 per year

- Where are the two miscellaneous expenses from your budgets shown in these envelopes?
 - The annual miscellaneous has its own envelope under 'Other Expenses'
 - The monthly miscellaneous is included within the total monthly expenses amount.

Now we will go through how to use this system.

a) Develop your Family Fund

Any time you receive money, you should first put it in a special pile. This pile is called the Family Fund.

Facilitator Instructions: Place all of the prepared paper money, to the value of 250, under the Family Fund Label.

Depending on where you are, you can use an envelope, a locked box, a bank account or any safe way to store money for this.

b) Allocate your normal monthly expenses

On the first of each month take the money in the Family Fund and put the correct amount into the Monthly Expenses per-month envelope.

Some people prefer to divide the 'per-month' envelope into multiple separate envelopes for each monthly expense, such as individual envelopes for food, utilities, household expenses, etc.

Facilitator Instructions: Remove the total monthly expenses envelope (114 per month) and place each envelope prepared from Lesson 6 **VISUAL AID** Example B: the additional five monthly expense sorting envelopes, as shown below, under the normal monthly expenses. Then ask the group to fill the per-month envelopes using money from the family fund.

Does it add up to the original total monthly expenses?

Income Expenses	Normal Monthly Expenses	Other Expenses
Income Expenses 500 per year	Remaining Monthly 30 per month	Repairs 25 per year
Clothing 30 per year	School 5 per month	Miscellaneous 10 per year
	Tithing 12 per month	School Expenses 45 per year
	Food 60 per month	
	Electricity and Water 7 per month	

c) Allocate your other yearly expenses

The “per-year” envelopes need to be filled only once a year. This should be after you have received your biggest income for the year, for example, just after the rice harvest. Immediately after harvest time, put the money into the envelopes.

Facilitator Instructions: Explain that in this example it is just after rice harvest. Ask the group to fill the per-year envelopes using money from the family fund.

d) Spending the money

1. Spend money from envelopes only

Do not touch the Family Fund again until next month. Only spend money from the envelopes.

For example, if you need money for electricity, open the monthly utility envelope and spend that money. When there is no more money in the envelope, then you cannot spend more money on that thing. You have to wait until the next month when you have money again.

The only exception is in the case of an emergency, such as needing to go to the doctor and pay for medicine. Then you may take a little from the miscellaneous envelope to cover the emergency expense. Don’t use the miscellaneous envelope to pay for something you want just for pleasure, e.g., new clothes. Spend it only on “Needs”. We have to learn to be disciplined and patient and wait until we have money to buy something. You may end up with a delicious meal on the first day of each month when there is new money in the envelope, but plain rice on the last day of the month.

We must be careful not to take extra money from our Family Fund. This is not spare money. There is a plan for ALL of it. If we take extra money from the Family Fund, then there won’t be enough for the whole year. If we want money for something extra, then we need to find a way to earn some extra money so that we can have it. But we should not buy it until we have earned the extra money.

2. Allocate any remainder wisely

If you have an excess, you can also prepare envelopes for each of the items that you planned in your budget to use any remaining money for, such as saving, investing, or giving.

Facilitator Instructions: Place the remaining ‘excess’ envelopes (**VISUAL AID:** Example Envelopes-Example C) separate to the labels. Invite the group to fill them with the remainder of the money from the Family Fund.

Saving \$20 per year	Investing \$50 per year	Giving \$20 per year	Wants \$30 per year	Specific Savings \$52 per year
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In this example, there will not be enough money for all the envelopes to be filled equally. However, your specific saving in this example is for a motorbike you are also hoping to use for your business, so you recommend they prioritise that over other areas.

This is the end of our example for managing our household expenses.

Application

LARGE GROUP DISCUSSION

What about income expenses?

- Why do you think we have not addressed the income expenses category in detail here?
 - *It needs to be kept completely separate from household expenses*

Your household normal monthly expenses and other irregular expenses were calculated based on the income expenses having already been provided for, using your “Net Income”.

Whoever is responsible then for the business or employment, must ensure that the income expenses are being provided for BEFORE any money is put into the Family Fund.

You can use the same envelope system to plan for and manage your income expenses as well; but they must be kept separate from the Normal and Other household expenses.

SMALL GROUP QUIZ

Facilitator Instructions: Invite the participants to form into small groups of 3, staying where they can all still see the example. You will have a 7 question quiz based on this example.

Questions:

- 1: What envelope would you use to buy food from?
- 2: What envelope would you use to pay school fees from?
- 3: In this example, what envelope do you use to go out for a soda once a month with your close friend?
- 4: You have just completed an extra laboring job for 2 days in the middle of the month. Where will you put the money?
- 5: Your mother has gotten unexpectedly ill and needs medicine for two weeks; which envelope will you withdraw money from?
- 6: How will you fill your per-yearly expenses if you earn small amounts throughout the year?
- 7: What will you do with the money that you haven't spent this month because you kept within your monthly budget and have the miscellaneous remaining?

Answers:

- 1: The Normal Monthly Expenses, Food envelope
- 2: The Other Expenses, School Fees envelope
- 3: The Normal Monthly Expenses, Remaining Monthly Envelope
- 4: The Family Fund pile (assuming the income expense has already been covered)
- 5: Depending on the amount, it can either be from the
 - a) Normal Monthly Expenses, Remaining Monthly Envelope (because your budget does include some miscellaneous expenses per month)
 - b) Other Expenses, Miscellaneous per year envelope.
- 6: You always first fill your monthly expenses envelopes, and then fill the yearly expenses. If you reach the point that the yearly expenses are complete, then you may start allocating to "Spending the Remainder Wisely" areas.
7. You will allocate it first into 'Other Expense' Category Envelopes that are not filled. If they are completed for the year, you will move into the "Spending the Remainder Wisely" areas according to your budget.

LARGE GROUP REFLECTION

- Can you describe how this system is different to what you're currently doing? What may make it challenging for you?
- How could this system make things easier for you and your family?
- How do you think this system helps us to honour God?

Action Steps

Now you can set up your own envelope system for your household. Start by looking at your budget (**STUDENT GUIDE** completed budget). Prepare one envelope for your normal monthly expenses. Then prepare one envelope for each of your other yearly expenses. If you have an excess, you can also prepare envelopes for how you spend your remainder.

If you like, you can then subdivide your normal monthly expenses as the example has here.

Finally, you will also want to prepare envelopes for each of your income expenses, once you know exactly what they are.

Try living for a few months on the budget by only spending out of the envelopes. If you can keep to the monthly envelope system, then you can start to buy some of the things that you put on your 'want' list.

Lesson 7: Are We Making Money?

****FOR AGRICULTURAL POPULATIONS ONLY**

Main Ideas

- We need to know how to calculate our profit
- We can plan what to do if we are making little or no profit
- We need to keep records

Materials

- Visual Aid: Farm with lots of crops picture (Print 1 copy)
- Student Guide: Calculating Profit
- Board and marker

Introduction

LARGE GROUP DISCUSSION

We have now learned how to budget for our family and manage our money for our personal expenses.

Now we are going to focus on our business expenses. These need to be considered separately.

Many people work hard, but still make little or no profit. We need to take time to calculate profit in order to make sure that our hard work pays off.

Facilitator Instructions: Hold up the picture **VISUAL AID:** Farm with lots of crops picture. Ask the group:

- Is this a successful business? Why or why not?
- Is it possible to tell from this picture if this farm is making money?
- What do we need to know in order to tell if it is profitable?

Just because the farm has lots of crops does not mean that it is making a profit. Simply looking at how much cash you have when you sell your crops also might not tell us how profitable it is.

You need to do some simple calculations and keep records in order to see if the business is a success. To know if the farm is making a profit we need to know two basic things.

1. How much money we received from selling the crops.
2. How much money was spent sowing, growing and harvesting the crops.

By calculating the difference between these two things, we can know if the farm is profitable or not.

Facilitator Instructions: Distribute **STUDENT GUIDE:** Calculating Profit (4 pages). For the remainder of the lesson, read and work through the handout as described below. Write the first example up on the board and work through it together slowly.

Example 1: Anna's vegetable business

LARGE GROUP DISCUSSION

We will now look at Anna's vegetable business to help us to understand this more clearly.

Anna has lots of experience growing vegetables as she has worked in her family's fields for many years. She has just started her own vegetable business. After her first harvest Anna took her vegetables to the market and sold them all for \$25 dollars. She was very happy. It looked like she had a lot of money.

- Do you think that Anna has a successful business?
 - *Unless Anna knows if she made a profit or not, she will not know if her business is successful and whether she should continue it.*

Now we will look at the business records to see if she was successful.

Expense - List of things needed	Cost
- Seeds	6
- Fertiliser	5
- Tools	4
- Place to sell at market	2
- Plastic bags and crates	3
- Bus tickets	1
Total	\$21
Income - Estimate	Amount
Total	\$25

INCOME TOTAL	- EXPENSES TOTAL	= PROFIT
\$25	- \$21	= \$4

As we can see, Anna did make a profit - but only 4 dollars.

TIME

- Besides figuring out how much profit she made, what do you think could be the other factor she should look at to see if she is happy with her business?
 - *The amount of time she put into her business. (Participants write the answer on their sheet)*

Sometimes a business with a small profit can be considered successful if the amount of time needed to make the money is also small. However, if a lot of time and energy is put into the business and the business only earns a small profit, then the person should reconsider the business idea.

Anna's first growing season took about 4 months. Anna kept records on how many hours she worked every day. When Anna was getting started with her business, she thought that she would not have to spend much time in the garden each day. However, this year, the winter months were unusually dry, and Anna had to do a lot of extra work to keep the vegetables watered. Planting and harvesting also took longer than she expected, and she had to ask her daughter for help.

Growing Season (number of months):	4
Hours / month:	12.5
Total (Hrs./month x No. months)	50
Profit / no. hours	0.08

Anna estimated that the total amount of time she put into the business from planting to selling, including the time travelling to the market was about 12.5 hours per month. This made a total of 50 hours for one growing season. 4 dollars divided by 50 hours is only 0.08 dollars (8 cents) per hour. Now it is even clearer that 4 dollars is very little for all the work that she has put in.

Anna needs a plan for how she can make a better profit next season. She has to try to cut costs. Perhaps she can use an organic fertiliser that will help her to grow more or find a way to harvest her own seeds. If Anna is not able to cut costs in the vegetable business, it may be more beneficial for her to try a different business altogether.

Unfortunately, many businesses are like Anna's vegetables. We work very hard and never realise that we are making very little money.

Example 2: Paul's Pigs

LARGE GROUP EXERCISE

We can use the same table as with Anna to calculate if we are making a profit. Before we consider our own businesses let's look at two more businesses.

Facilitator Instructions: Look at the blank table for Paul's Pigs on the **STUDENT GUIDE**. Talk through each step. Make sure they understand the subtotals involved for both expenses and income.

Paul raises pigs. He has been raising pigs for many years but wants to make sure that he is really making money. For the last six months he has kept a careful record of all the expenses for his pigs. Today he sold the pigs and now he wants to calculate to see if he made a profit on his pig business.

Please complete Paul's chart in the worksheet.

- Did Paul make a profit?

Step 1. Name of Business	Paul's Pigs
Step 2. Length of business	100 Days
Step 3. Expenses - List of things needed	Cost
2 piglets	\$40
Food for 2 piglets	\$50
Vaccination	\$2
Expenses Total	\$92
Step 4. Income - Estimate	Amount
Income Total	\$280

Note: Income calculation: [amount / kg] x [weight of pig] x 2 [# of pigs] (1.75 X 80 x 2 = 280)

Income	- Expenses	= Profit
\$280	\$92	\$188

Time	
Growing Season (number of days)	100

Profit / no. days (188 / 100)	1.88
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Example 3: John's Clothing Stall

WITH A PARTNER

Like Paul, John wanted to make sure that his clothing stall was doing well. He also kept records for the last 6 months but he got very confused. He wasn't entirely sure what he should write down and what he shouldn't.

Facilitator Instructions: Break the participants up into pairs. They can work through example 3 on the **STUDENT GUIDE** worksheet together.

Follow these steps to help John to calculate his profit:

Step 1: Cross off anything that isn't related to the clothing stall business.

Step 2: Go through the list and identify any income that he made from the clothing stall – put it in the income section of the worksheet.

Step 3: Go through and identify all the expenses. Put the expenses in the expense section of the worksheet.

Step 4: Like you did for Paul, use the expenses and profit to see if John made a profit.

John's Notebook

Buying clothes for selling	500	Selling clothes	600
School fee	300	Food for family	50
School bag	40	Selling clothes	500
Shop rent	100	Buying gifts for festival	300
Selling clothes	400		

Step 1. Name of Business	John's Clothing
Step 2. Length of business	6 months
Step 3. Expenses - List of things needed	Cost
Buying clothes for selling	500
Shop rent	100
Expenses Total	600
Step 4. Income - Estimate	Amount
Selling clothes	400
Selling clothes	600
Selling clothes	500
Income Total	1500

Income	- Expenses	= Profit
\$1500	\$600	\$900

Time

Length of business (months)	6
Profit / no. months (900 / 6 = 150)	150
Profit / no. months / 30 days (150 / 30 = 5)	5

Working out the costs

INDIVIDUAL EXERCISE

We need to take time to make sure that our business is not like Anna's, but like Paul's instead. Look at the final blank chart in your Handout.

Step One: Decide which business you will use to calculate your profit. Don't put all the different ways that you earn income (e.g., selling rice, selling vegetables, chickens, pigs.). You need to choose one type of income for one chart.

Facilitator Instructions: Make sure that everyone has selected one business avenue each.

Step Two: Decide on the length of time that you will use. For example, Anna used 4 months because this is the amount of time between when she first planted the vegetables and when she sold them. Paul used 6 months because that was how long it takes to raise a piglet into a large pig. If you farm rice or corn, think about the amount of time from when you first start to prepare the land till you are able to sell the rice. If you do something like sew clothes or sell soup, then you can use one week or one month.

Facilitator Instructions: Allow the participants to do Steps 1 and 2 on the **STUDENT GUIDE** before moving on to Steps 3 and 4.

LARGE GROUP BRAINSTORM

Step 3: Work out the business expenses. Before we can figure this we need to think about what will be needed for the business. Trying to think of everything is not easy and it is very easy to forget things. To help us with this task I am going to read an example:

Lily is in the business of raising chickens. Lily came up with a list of what was needed for her chicken business by imagining a whole day in the life of the chicken-raising business. She asked herself many questions about the day. For example, it is morning and Lily is going to the poultry shed. Where is it? Is it close to her house? If it is far, how will she get there? Does she have to pay rent for it? Next she imagines herself at the shed. What will she do first? She is feeding the chickens. With what? Where did she get this feed? How much does it cost? What else do the chickens need in order to be healthy? Does she need to pay anyone to help with the business?

After doing this exercise, Lily came up with a list of many things that her business needed.

Facilitator Instructions: As a large group, list down the things a business might need on a board.

Every business will be different but you should think carefully about what you need for your business.

INDIVIDUAL EXERCISE

Make a full list of all the things you can think of that you need for your own business. Work with others that have the same business to try and think of all the costs.

Now we need to estimate the costs of those things. Go through the list of things that you need and write down the cost of each thing. If you don't know the exact cost, then try to estimate it.

You will notice that some of the things on the list are needed every time you produce something while other things need to be purchased only at the beginning of the business. If you have already paid for the equipment and have the land needed to run your business, you do not need to include those items in your cost list.

The next step is to add up the total of your expenses. Write the Expenses Total in the worksheet.

Calculating the Profit

Step 4: On the **STUDENT GUIDE**, calculate how much income you earn. For many businesses this is not hard because we sell at one time, such as after we harvest the rice, so we know how much we received. Try to estimate the average amount that you receive for your sales. Write the Income Total in the chart. Remember we are only looking for the sales for the business period you listed.

If you do not actually sell your crop, such as rice, but keep some of it instead for eating, then try to estimate how much it would cost you if you were to buy that much rice. For example, if you harvested 500kg and if you did not use it for your family you would have to buy it at 50 per kg then use $500\text{kg} * 50$ dollars to calculate the income. It is important that we still calculate the profit because if we are making a loss then it would be better to buy our rice than to grow it.

Step 5: Now we can find out if your business made a profit or not. Use the totals to calculate.

- Does your business make a profit?

IMPORTANCE OF RECORDING

The next time you start to sow or buy new animals then record all your costs to check that you are really making a profit. Sometimes our estimates can be wrong so it is good to record as much as possible. If you do get confused then just record everything that you think might be relevant and then ask someone to help you with the calculations later.

ACTION STEPS

If you have several businesses, it will be good to repeat this exercise with some of the other businesses that you do.

Ask a family member or friend to check over your estimates and help you come up with creative ways to see if you can improve on your profit.

Lesson 8: The Cost and Consequences of Debt

Main Ideas

- There are many costs of debt, not just financial
- I need to calculate the interest on the debt
- I need to understand the type of loan
- Debt can be beneficial; I need to ensure I can pay it back from my business or income

Materials

- Student Guide Option A OR B (*Only print the best example for your context; 1 per small group*)
 - Option A is for agricultural populations: includes selling crop early; excludes compound interest
 - Option B is for urban populations: includes compound interest; excludes selling crop early
- Each person needs pen and paper
- Calculator(s) or phones
- A board or large papers and marker to show examples

NOTE: SECTIONS FOR ONLY RURAL AND URBAN POPULATIONS SHOWN

Introduction

LARGE GROUP DISCUSSION

- Why do people have debt?
- What do people typically buy using debt?
- What are the benefits of debt?
- What are the problems with debt?
 - *We can end up owing lots of money to someone else.*
 - *Debt can become a burden causing us to not have enough in the future.*
 - *Debt can encourage us to spend more than we have.*
 - *We often fail to consider the consequences of the interest.*
- Can you think of anyone who has been able to use debt well?
- Can you think of anyone that has suffered because of debt?

There are many costs of debt – stress, worry, strain on marriage, sleepless nights, etc. In this lesson we will concentrate only on the financial cost of debt. However, we should never think this is the only cost.

Calculating Interest

LARGE GROUP DISCUSSION

Facilitator Instructions: Write the numerical examples shown in boxes in front of the class.

To begin, we must know how to calculate interest, which is the extra money we pay for the loan of the debt money.

If we use pen and paper:

Take the loan amount, e.g., 100 dollars. Cut off two zeros. E.g., $100. = 1$ and multiply by the interest rate, e.g., 6%. $1 \times 6 = 6$ dollars is the interest.

$100. = 1$
$1 \times 6 = 6$ is the interest.

If we use a calculator or phone:

Take the loan amount. Divide by 100. Multiply by the interest rate.

E.g., $100 / 100 = 1$ * $6 = 6$

$100 / 100 = 1$
$1 \times 6 = 6$ is the interest

In this example, 6 dollars is the extra we pay; the cost of borrowing the money.

INDIVIDUALLY OR IN PAIRS

Practise these examples on your spare sheets of paper now:

Facilitator Instructions: Write the interest amount up. When participants have nearly completed their calculations, add in the answers.

8% interest on 500 =	40
4% interest on 70 =	2.8
12% interest on 1,000 =	120
10% interest on 200 =	20
6% interest on 400 =	24

Any loan is for a set period of time. In addition to calculating the basic interest on the loan amount, you need to consider the type of loan that is being offered and for how long.

Two Types of Loans

LARGE GROUP EXAMPLE

There are typically two types of loans.

Type one: you pay interest each month on the amount borrowed only. This is called Simple Interest. This is the type you have just calculated.

Type two: you pay interest each month on the amount borrowed and the interest. This is called Compound Interest.

Facilitator Instructions: Demonstrate the example below in front of the class, comparing the difference between the two types of loans.

Example: 10% interest per month on 300 for 4 months:

Type one: Interest on amount borrowed only every month (Simple Interest)

If interest of amount borrowed only then total interest is

- 10% interest on 300 = 30
- 30×4 months = 120 total interest
- **Total amount to repay is 120 + 300 (original loan amount) = 420**

Simple Interest (10%)

10% interest on 300 = 30
$30 \times 4 = 120$ total interest
$300 + 120 = 420$ total repayment

Type two: Interest on total every month (Compound Interest)

- 10% interest on 300
- Month 1 interest = 30
- Total end of month 1 = 330
(30 interest + 300 loan)
- Month 2 interest = 33
- Total end of month 2 = 363
(33 interest + 330 total month 1)
- Month 3 interest = 36.3
- Total end of month 3 = 399.3
(36.3 interest + 363 total month 2)
- Month 4 interest = 39.93
- **Total end of month 4 = 439.23**
(39.93 interest + 399.3 total month 3)

Compound Interest

(10%)

Beginning	300
Interest	<u>30.00</u>
End of 1 month	330
Interest	<u>33.00</u>
End of 2 months	363
Interest	<u>36.30</u>
End of 3 months	399.3
Interest	<u>39.93</u>

Compare the final total in the first type (Simple Interest) to the second type (Compound Interest).

In the first example, the total amount to repay is 420. In the second example, the total amount is 439.23.

As you can see, in the second type, compound interest, you pay more interest. Imagine if this loan was for one year instead of just 4 months.

- Simple Interest Total after 1 year = 660
- Compound Interest Total after 1 year = 942!

Wherever possible, you do not want to get a loan based on Compound Interest, but if you have to, make sure you ask someone to help you calculate the cost first.

Simple Interest

INDIVIDUALLY OR IN PAIRS

Practise these simple interest examples now:

Facilitator Instructions: Write the examples up. When participants have nearly completed the exercise, add in the calculations and the answers.

- What is the total interest in each of these examples?

7% interest on 3,000 for 3 months	= 210x3	=630
6% interest on 2,000 for 10 months	= 120x10	=1,200
12% interest on 5,000 for 2 months	= 600x2	=1,200
10% interest on 2,500 for 8 months	= 250x8	=2,000
8% interest on 4,000 for 6 months	= 320x6	=1,920

Compounding Interest – URBAN POPULATIONS ONLY

LARGE GROUP EXERCISE

Compounding interest is when you pay interest on the amount borrowed plus the interest every month.

By hand, we calculate the interest percentage, add it to the loan amount to make a new total, and continue doing that for each month.

Let's review the example.

Using a calculator to calculate compounding interest

You can also calculate compound interest by using the following numbers.

Facilitator Instructions: Write the numbers in the box on the board and help them to see the pattern. Ask them what 13% and 4% would be.

To calculate you take the total loan amount and multiply it by the number reflecting the interest amount.

Then, you multiply it by that same number for every month of the loan period.

This gives you the total amount to be repaid.

Then subtract the original loan amount to find the interest paid.

4% = ??
5% = 1.05
6% = 1.06
7% = 1.07
8% = 1.08
9% = 1.09
10% = 1.10
11% = 1.11
12% = 1.12
13% = ??

Facilitator Instructions: Draw the following example on the board

For example, if you want to calculate the interest on a loan of 200,000 at 8% for 3 months you calculate:

$$200,000 * 1.08 * 1.08 * 1.08 = 251,942 \text{ (total amount to repay)}$$

SMALL GROUP EXERCISE

Now calculate the same loans from the Simple Interest as before, but as for Compound Interest.

- What is the total interest in each of these examples?

Compound interest answers

7% interest on 3,000 for 3 months =	[Total amount to repay]	3,675	- [Original loan amount]	3,000	= 675
6% interest on 2,000 for 10 months =	3,582	- 2,000 =	1,582		
12% interest on 5,000 for 2 months =	6,272	- 5,000 =	1,272		
10% interest on 2,500 for 8 months	4,872	- 2,500 =	2,372		
8% interest on 4,000 for 6 months =	6,347	- 4,000 =	2,347		

Facilitator Instructions: It is not important that they get every answer right. It is more important they learn that 'compounding' means it gets significantly worse every month.

- How different are the answers to the simple interest answers? Which ones are more different?
 - They are higher
 - The loans with a longer period of time are more different

If you have to take a compounding interest loan, you try to keep it as short as possible and repay as soon as possible.

Selling early loans – AGRICULTURAL POPULATIONS ONLY

LARGE GROUP EXERCISE

Many loans are not cash but are when we sell our crops early. To calculate the cost of debt we need to be able to estimate the actual selling price. You can be sure that the person buying is making a big profit. The price they are giving you is SIGNIFICANTLY below what they expect the market price to be.

For example: You sell 1,000 kg of coffee early at 1.5 dollars instead of after harvest at 2 dollars.

Cost of debt

Money received early = $1.5 * 1,000\text{kg} = 1,500$

Money you could have received after harvest = $2 * 1,000\text{kg} = 2,000$

Cost of debt = 500

Let's do one more example together as a group: You sell 2,000 kg of coffee early at 1.4 dollars instead of after harvest at 2 dollars.

Cost of debt

Money received early = $1.4 * 2,000\text{kg} = 2,800$

Money you could have received after harvest = $2 * 2,000\text{kg} = 4,000$

Cost of debt = 1,200

If you have to sell crops early, make sure you get the highest price you can, and try and stop doing so as soon as possible.

Comparing the Type of Debt Costs

There are different types of debt that you can go into. With this final exercise, you will look at some of the different options.

SMALL GROUP EXERCISE

Facilitator Instructions: Form groups of 3-4; ensure each group has 1 person who is a little stronger at calculating. Hand out **STUDENT GUIDE:** Option A or Option B.

Imagine you need to borrow money. With your group, decide which of the options is best.

You need 500 to buy fertilizer and extra rice. You can choose:

Sell your crop early. You sell your harvest (1200kg) for 1.5 per kg instead of 2 per kg.

Possible Profit = $1200\text{kg} * 2 = 2,400$

Amount earned = $1200\text{kg} * 1.5 = 1,800$

Cost of debt = $2,400 - 1,800 = 600$

You borrow 500 for five months paying 10% Compound interest.

Total amount to pay $500 * 1.1 * 1.1 * 1.1 * 1.1 * 1.1 = 805.255$

Cost of debt = total to repay – loan amount = $805.255 - 500 =$

305.255

You borrow 500 for five months paying 12% Simple interest.

Cost of debt = $500 * 12\% * 5 = 300$

You borrow 500 and agree to repay 800 in 5 months

REFLECT BACK

- Which option did your group decide was best? Discuss
- How will this be used by your family or other families in your community?
- Are there any other types of loans commonly available in this area?

Facilitator Instructions: Ask the class to give some examples of common loan agreements and interest payments. Together calculate the cost of debt on their examples.

When should we use debt?

LARGE GROUP DISCUSSION

The Bible is not very clear about when we should and shouldn't use debt. However, it does have a number of guidelines that can help us think about whether it is wise to use debt or not.

Read the following verses. Based on these verses, what advice would you give to someone about spending money?

- Luke 12:15
- Ecclesiastes 4:7-8
- Proverbs 21:17
- James 4:3
- Romans 13:8
- Proverbs 22:7

The Bible warns us very clearly not to seek after pleasures. We are reminded that life is not about what we own. It is better to live a simple life than to have many things and be overwhelmed by debt. We need to guard our hearts against greed and coveting.

- When should debt not be used?
 - *Debt should not be used to buy things that are for pleasure or a more comfortable life, such as a motorbike, a T.V., or a mobile phone. When we go into debt to buy these things, we are doing things in the wrong order. We desire something better, but we are not willing to do the work first. This is greed. A new motorbike or a better house are not bad things, but we should wait until we have the money to have these things rather than borrowing to have them. When we borrow to have something, we have to pay interest and put ourselves under someone else's control. The Bible encourages us not to owe anyone anything (Romans 13:8, Proverbs 22:7).*
- How can borrowing money be beneficial?
 - *If it allows us to invest in business that allows us to make more money.*

We need to use debt wisely, as it does have the potential to be helpful. We always need to be careful:

1. that we will be able to repay the debt, even if our business is not as successful as we hoped.
2. that we borrow from places that do not charge high interest rates, otherwise the money lender will get all of your profit from your hard work.
3. that we check how we have to pay back the money (not just the interest amount itself) before deciding if debt has the potential to be beneficial.

In many places, there are few opportunities for fair interest rates so be very careful before choosing to do business by taking out a loan.

You should always make a careful business plan that shows how you can repay the debt before you decide to use debt for an investment idea. You need to determine how much profit you will make in your business and then subtract the amount for the loan and interest. In other words, one of the expenses in your business plan is the cost of debt.

Do you still make enough money to make it worthwhile?

ACTION STEPS

WITH A PARTNER

Pray and ask God to help you not to desire the things that you don't have and don't need. Be thankful for what He has already given to you.

Lesson 9: Getting Out of Debt

Main Ideas

We can get out of debt if we:

- confess our faults and decide to change
- sacrifice desires now, so we can have freedom
- sell non-essential items
- be creative and make a plan with small changes to pay back outstanding debts
- pray for and expect God's help

Materials

- Student Guide: How to Get Out of Debt
- Large paper or board and marker for showing examples
- 10 seeds, beans or stones

Introduction

LARGE GROUP DISCUSSION

- Do most, some or only a few people in your community have debt at some time during the year?
- Do most, some or only a few people in your church have debt at some point during the year?
- Do you think it is possible to have all debt erased? Why or why not?
- How would you recommend to someone that they go about getting out of debt?

Many people are already in debt and they need to find a way out of it.

How to get out of debt

LARGE GROUP DISCUSSION

1. Confess your faults and decide to change.

Recognize that you have not honored God when your spending habits are not well controlled. God is merciful to those who confess their sins and change their ways. Proverbs 28:13 says, "He who covers his sins will not prosper, but whoever confesses and forsakes them will have mercy."

When we confess, we also need to decide and commit not to go into any more inappropriate debts.

IN PAIRS

- Share one time in your life when you have experienced God's mercy; or when you have confessed something and experienced God's peace and freedom as a result.
- Think of an example in your life when you have decided to commit to something. What is difficult or easy? What happened over time?
- Do you feel able to commit in the same way to not having any more debts?

2. Sacrifice desires now so you can have freedom.

You may have to live more simply for a while. Evaluate your large purchases carefully. Don't buy things that you don't need to have. Don't be tempted to sell your harvest early or your grocery store stock for cheaper just because you want money. Live very carefully according to your budget and make as many sacrifices as possible so that you can sell your harvest when it is ready or your grocery store stock for the full amount. That way your income for next year will be much higher and you can have some extra things then.

3. Sell non-essential items.

Did you spend the money you borrowed on something that you can live without? Is there something at your house that you can sell to help you get out of debt? DO NOT sell anything that is essential to helping you earn an income, unless the income that you earn is less than the interest that you are paying.

With your partner:

- Pray together.
 - Ask God to guard your heart and help you not to desire things that you don't need to have.
 - Ask God to show if there are any items that are non-essential in your household
 - Ask God to give you creativity and wisdom to plan for paying back the debt quickly

4. Be creative and make a plan with small changes to pay back outstanding debts.

We can plan ahead, using our budget, to pay back all our debt over time by identifying where we can reduce costs in our income and/or household expenses.

- What are some creative ways you have noticed your own family or others have been able to reduce household expenses?
 - *Examples: buy less sweet biscuits or sugar per week; plant home vegetable garden; spend less on parties; use public transport instead of motorbike to get to work or school;*
- What are some areas where you have noticed people creatively reducing their business expenses?
 - *Examples: making your own fertiliser instead of buying it; using a less-preferred but cheaper supplier temporarily; using public transport instead of a motorbike to deliver goods*

Let's look at an example of how we can plan ahead to pay back our outstanding debts.

LARGE GROUP DEMONSTRATION

Facilitator Instructions: Write the numerical examples shown in the boxes below in front of the class. If possible, draw the example boxes next to each other so they can be easily compared.

Maria

Maria & John are stuck in debt.

Every year they earn \$1,950 and then they have to pay back a five-month loan of \$300 and interest of \$150. Every year it is the same, 5 months before harvest they run out of money and have to borrow \$300 to feed the family until harvest time.

The sums look like this:

Current Debt Cycle:	
Earn	1,950
- Loan Repayment (5m)	300
- Interest Payment	150
- Household expenses	1,800
= Total (Loan needed)	-300

Dorcas came to help Maria & John. She helped Maria to make a budget and think about how the money was being spent. Looking at the budget, Dorcas suggested that maybe she could reduce the food and snack budget by 10 per month. It would take sacrifices but if they planted some seeds to grow their own vegetables and feed the chickens a little differently it might be possible. Since it was only 0.3 dollars per day Maria agreed to try. Dorcas reminded them that it does take sacrifices but it is worth it to have financial freedom.

The sums for the first year look like this:

1st Year	
Earn	1,950
- Loan repayment (last year)	300
- Interest Payment	150
- Household expenses (reduced cost)	1,680
= Total (Loan needed)	-180

And when done for a second year, the sums look like this:

2nd Year	
Earn	1,950
- Loan repayment (last year)	180
- Interest Payment	72
- Household expenses (reduced cost)	1,680
= Total (No loan needed)	18

NO LOAN IS NEEDED. In the second year, Maria is already financially free. She doesn't need a loan. Even better is that next year she will have spare money to invest or buy some extra things. Even if she increases her living expenses back to 1,800 she will still have 150 to invest. If she invests that wisely she will have even more money in the future.

3rd Year	
Earn	1,950
- Loan repayment (last year)	
- Interest Payment	
- Household expenses (reduced cost)	1,800
= Total No loan needed	150

- How did Dorcas help her friend Maria?
 - *She helped her identify where she could make small changes in her expenses – it was only 0.30 Dollars / day*
- What can we learn from Dorcas and Maria?
 - *Reducing our costs in small ways can really help reduce debt over time*
 - *We can be free of our debt with planning and sacrificing small things sooner than we think*
 - *Asking someone we trust to help us review our budget and to get out of debt can be good*

Facilitator Instructions: Make sure the group understands clearly how to calculate the impact of simple changes on getting out of debt. Hand out **STUDENT GUIDE: How to Get Out of Debt**. Review the example and point out these steps:

- Step 1: Calculate what you earn (Total net income)
- Step 2: Subtract debt (Loan repayment)
- Step 3: Subtract the interest (Interest payment)
- Step 4: Subtract all household expenses (normal monthly plus other expenses)

Step 5: Calculate the total

If what you need is bigger than what you have, then the difference between the two results is debt.

Repeat for each year.

NOTE – if you are teaching congregation members, it is not essential that every member understands how to do these calculations. However, if you are a master trainer, teaching Local Facilitators it might be helpful to do some extra practice exercises so that they are more easily able to help the group with this idea. The next two exercises are included for the teaching of facilitators not the whole church.

Example 1: Total Income \$2000, Loan \$700, Interest 15%, Expenses \$2000 + Interest.

Year 1

Income	2000
Loan Repayment	-700
Interest Payment	-105
Expenses	-2000
New Loan	-805

Year 2

Income	2000
Loan Repayment	-805
Interest Payment	-120.75
Expenses	-2000
New Loan	-925.75

The loan keeps increasing year by year. However, imagine instead they had got advice and decreased expenses by \$200 to \$1800 and increased income by \$120 to \$2120

Year 1

Income	2120
Loan Repayment	-700
Interest Payment	-105
Expenses	-1800
New Loan	-485

Year 2

Income	2120
Loan Repayment	-485
Interest Payment	-72.75
Expenses	-1800
New Loan	-237.75

Year 3

Income	2100
Loan Repayment	-237.75
Interest Payment	-35.66

Expenses	-1800
New total – no more debt	46.59

Let's look at one more example. Total Income \$3000, Loan \$1200, Interest 20%, Expenses \$2800 + Interest.

Year 1

Income	3000
Loan Repayment	-1200
Interest Payment	-240
Expenses	-2800
New Loan	-1240

Year 2

Income	3000
Loan Repayment	-1240
Interest Payment	-248
Expenses	-2800
New Loan	-1288

The loan keeps increasing year by year. However, imagine instead they had got advice and decreased expenses by \$200 to \$2600 and increased income by \$200 to \$3200

Year 1

Income	3200
Loan Repayment	-1200
Interest Payment	-240
Expenses	-2600
New Loan	-840

Year 2

Income	3200
Loan Repayment	-840
Interest Payment	-168
Expenses	-2600
New Loan	-408

Here we can see that after two years instead of the loan increasing to \$1288, it has decreased to \$408. How much interest would you pay on \$1288? $1288 \cdot .20 = 257.60$. But because of the change you are now paying $408 \cdot .20$ which is only \$89.60. This is a big difference. Let's keep going.

Year 3

Income	3200
Loan Repayment	-408
Interest Payment	-81.60
Expenses	-2600

New total – no more debt	-89.6
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While they are not out of debt you can see that in the next year they will easily get out of debt.

FOR AGRICULTURAL POPULATIONS ONLY – Discuss:

In cases where the only type of debt is selling your fields early, then you need to find someone that you trust completely and work with them. Choose the smaller field and sell that to have money to eat. Then at the harvest time you can harvest the larger field and not lose money on that. Or plant part of your field with something else that you can harvest earlier, such as corn. It might take more work, but that way you can sell that crop instead of having to sell your whole harvest early. Be creative.

(If you are in an area where it is not possible for people to get monthly loans, then think about what other options there are to help them to decrease the amount of money they lose to interest each year.)

5. Pray for God's help and expect it

LARGE GROUP DISCUSSION

The last step to getting out of debt is to look to God for His help. Of course, we need to be living in accordance to God's will if we expect His help.

Listen to this story:

One day a man came to his neighbour to ask for help with a debt. He had borrowed 2,500 at 10% compounding interest and 7 months later the person said he needed to pay back over 6,000. When the neighbour calculated the interest, she found that the number was completely wrong. But the man did not know how to calculate the interest himself. He was always going from one financial disaster to another. The neighbour listened to his tale of financial woe and wondered, "Why doesn't God ever help this man? Why is he always in debt? Was this because of injustice from others?" Just then the man began to talk about how he had gone to the fortune teller. The fortune teller had told him this would be a bad year and the man believed it.

God has said that He will bring financial difficulty to those who are not obedient.

- Do you think this man was being obedient?

This is another story from the Bible:

When the Jewish exiles first started to return from Babylon to Jerusalem they began to rebuild the temple but soon gave up. Haggai rebuked the people for living in beautiful houses while the temple—the house of God—remained in ruins. He warned the people that they would never be satisfied and blessed as long as God was displeased with them.

Read all of Haggai Chapter 1 and verse 2:19.

- Is financial difficulty always the result of disobedience?
 - *Financial difficulty is not always the result of disobedience. In fact, David used to complain about why it seemed that the wicked prospered. However, David also said that he had never seen the righteous go hungry (Psalm 37:25).*

Financial difficulties are often the way that God tries to get our attention. When faced with financial challenges we should stop, examine our lives, repent of anything that is wrong and pray for God's mercy. If we continue to live lives that are not in obedience to God, then we should not expect His blessing and mercy.

ACTION STEPS

- Commit to making a plan to reduce debt if you have some.
- Discuss with your family the plan and ask everyone to commit to the plan.
- Pray for God's help to reduce the debt, and expect it.

REVIEW

We are commanded by God to be good stewards of money.

SMALL GROUP DISCUSSION

Make a list of 10 ideas that you have learned through this training.

What are some of the things that you have already started to apply? What else can you start to apply starting now?

Report Back

God wants us to enjoy financial freedom. He doesn't want us to be a slave to money or always worried about money. If we use good money management skills and ask for His creativity and help then we can know freedom.

Pray together to close.